

### REMARKS

Applicant's representative Mr. Denis G. Maloney wishes to thank Examiner Chandler and Examiner Patel for the interview conducted on Sept. 5, 2007.

Discussed were claims 1, 7 and 12 and how those claims could be amended to overcome the rejections under 35 U.S.C. 101 and 112, second paragraph, and how those claims were neither described nor suggested by any combination of Silverman and Serkin. Applicant also discussed the inapplicability of obvious type double patenting over Serkin.

Agreement was reached that Applicant proposed language to claims 1, 7 and 13 may overcome the 101 rejection. Applicant also offered to clarify the terms internalization, priority, and checking in the claims. The examiners both agreed to reconsider in view of these changes.

The examiner rejected Claims 1-14 under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. The examiner stated:

In regards to independent claims 1,7 and 12, a "useful, concrete and tangible result" is not produced because nothing is done with the orders once they are checked to see if they are qualified or not (e.g., not putting out an order). Since the claims do not establish what is done with the orders once it is determined whether or not they are qualified, the orders fail to comply with the requirements of 35 USC 101.

Applicant has amended the claims, and as amended the claims are clearly directed to statutory subject matter. For instance claim 1 requires "...satisfying the order according to whether or not the market participant has qualified the order for avoidance of internalization execution." Claims 7 and 12 require "match the order with quotes in the system according to whether the order is qualified for avoidance of the internalization execution.", or analogous language. Thus, each of claims 1, 7 and 12 produce a useful, concrete and tangible result.

In addition, claim 1 is directed to a computer-implemented method, claim 7 is directed to a networked computer system and claim 1 is directed to a computer program product residing on a computer readable medium. Each of these claims are directed statutory subject matter under 35 U.S.C. 101.

35 U.S.C. 112, second paragraph

The examiner rejected claims 1-14 under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

The examiner stated:

Claims 1, 2, 6, 7, 8, 11, 12, 13, 14 recite the limitation "qualified the order for avoidance of an internalization execution process." The meaning intended by Applicant is unclear. For purposes of claim interpretation, qualify/qualified is interpreted as having met the requirements or eligible. For purposes of claim interpretation, internalization execution process is interpreted as- rules or restrictions regarding order execution. See MPEP § 2111.

Claims 2, 6, 7, 8, 11, 13, 14 recite the limitations "the best bid or best offer price" or "the best bid or best offer." There is insufficient antecedent basis for these limitations in the claims.

Claims 2, 6, 7, 8, 11, 13, 14 recite the limitations "best bid or best offer price" or "best bid or best offer." The meaning intended by Applicant for the terms are unclear. For purposes of claim interpretation, best bid or best offer is interpreted as- the most suitable, useful or desirable bid or offer. See MPEP §2111.

Claims 2, 3, 6, 7, 8, 11, 12, 13, 14 recite the limitation "priority." The meaning intended by Applicant for the term is unclear. For purposes of claim interpretation priority/prioritize is interpreted as- to arrange or deal with in order of importance. See MPEP§2111.

With respect to the "priority" and the "best bid or best offer", the following in particular is unclear:

Claim 2 recites "matching-off the order without regard to a priority of other quotes in the system". Since claim 3 depends from claim 2, doesn't "without regard to priority" already encompass "without regard to time priority."?

Regarding the "best bid or best offer that is at the opposite side of the market" in claims 2 and 13, is that the same as the best bid or best offer price on the opposite side of the market since other grounds for giving other quotes "priority" (e.g., time) are not considered?

Regarding the "best bid or best offer" in claim 8, is this best bid or best offer a function of price and time on the opposite side of the market since other grounds for giving other quotes "priority" are not considered?

Claims 2,8 and 13 recite the limitation "wherein if a market participant has not qualified the order for avoidance of an internalization execution process, the method further comprises:". There is insufficient antecedent basis for this limitation in the claim.

In other words, orders that are not qualified have not been previously discussed.

Claims 1,7 and 12 are rejected under 35 U.S.C. 112, second paragraph, as being incomplete for omitting essential elements or omitting essential steps, such omission amounting to a gap between the elements or the steps. See MPEP § 2172.01, The omitted steps are: Nothing is done with the orders once they are checked to see if they are qualified or not (e.g., not putting out an order). Orders that are not qualified have not been addressed at all.

Dependent claims 2-6, 8-11 and 13-14 are rejected based on the same rationale as the claims from which they depend

Applicant has amended claims 1-3, 6-8, and 11-14 to correct antecedent basis error and to clarify the claims. Applicant has also amended the claims to delineate "internalization."<sup>1</sup>

Applicant will now address each reason for this rejection.

Claims 1, 2, 6, 7, 8, 11, 12, 13, 14 "qualified the order for avoidance of an internalization execution process." Applicant contends that the meaning qualified is clear and clearly "having met the requirements or eligible.", is an acceptable interpretation. Internalization execution is set out in the specification<sup>2</sup> "the internalize execution manager 26g," which matches-off a participant's agency or proprietary orders against that participant's quotes/order before the order is sent for time/price priority execution in the quote/order collector facility 20.

Claims 2, 6, 7, 8, 11, 13, 14 "the best bid or best offer price" or "the best bid or best offer." The examiner argues that "[T]here is insufficient antecedent basis for these limitations in the claims." While the examiner may be suggesting that Applicant change "the" to "a" to introduce the feature of "a best bid/offer", Applicant contends that such a change would be confusing since in general there would be but one "best" bid or one "best" offer that would be constantly changing. One of skill in this art would understand the phrase the best bid / best offer. Since there is but one, (depending on how that is defined in the trading system, e.g. a national best bid/best offer or a trading system best bid best offer) to instead recite "a best bid or a best offer" would infer that there were more than one, which in general would not be the situation.

Claims 2, 6, 7, 8, 11, 13, 14 "best bid or best offer price" or "best bid or best offer," The meaning intended by Applicant for the terms are unclear. The concept of best bid or best offer is well understood to one of skill in the art and is interpreted according to prices set by the bids and offers.

Claims 2, 3, 6, 7, 8, 11, 12, 13, 14 "priority." The meaning of priority is clear from the specification and is directed to how the system ranks orders for execution, e.g., based on, e.g.,

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<sup>1</sup> Support is found in Appellant's specification pages 5, 11 and 12 for instance and also explained in Serkin, cited by Applicant.

<sup>2</sup> See Page 11, line 20.

Referring now to FIG. 5, the internalize execution manager 26g is shown. Another benefit of the system 20 is that when Quoting Market Participant is at the best bid/best offer, internalize execution manager 26c matches-off a participant's agency or proprietary orders against that participant's quotes/order before the order is sent for time/price priority execution in the quote/order collector facility 20.

price, time and size. In some implementations there are several potential priorities and the order determines the priority upon which it interacts in the system.

Claim 2 recites "matching-off the order without regard to a priority of other quotes in the system". Claim 2, limits claim 1 and covers the situation when a market participant has not qualified the order for avoidance of an internalization execution. In that instance "matching-off of the order occurs against the quote of the matching market participant without regard to a priority of other quotes in the electronic-based trading system.

The examiner also questions: "Regarding the "best bid or best offer that is at the opposite side of the market" in claims 2 and 13, is that the same as the best bid or best offer price on the opposite side of the market since other grounds for giving other quotes "priority" (e.g., time) are not considered?" Applicant responds that generally for a given market of, e.g., securities such as stocks there is a bid price that is the highest price that a market maker or specialist would buy a security for and an offer price or the lowest that the market maker or specialist would sell the security for. So, there indeed exists a best bid/best offer price. However, in a system, there may be many quotes, orders at the best bid and best offer prices, but generally only one of the quotes or orders will be the best "bid," e.g., the one order or quote that is either oldest and of largest size or of largest size and oldest (depending on the priority scheme employed). A similar situation hold for offers.

The examiner also questioned: "Regarding the "best bid or best offer" in claim 8, is this best bid or best offer a function of price and time on the opposite side of the market since other grounds for giving other quotes "priority" are not considered?" Applicant responds by referring the examiner to the explanation above.

The examiner also contends: Claims 2,8 and 13 "wherein if a market participant has not qualified the order for avoidance of an internalization execution process...". There is insufficient antecedent basis for this limitation in the claim. In other words, orders that are not qualified have not been previously discussed. Applicant responds that the examiner misconstrues the limitation. It is the action of whether or not there was qualification that provides the antecedent basis for the limitation, not the existence of different types of orders.

The examiner also contends that Claims 1,7 and 12 are ... incomplete." The examiner contends that the omitted steps are: "Nothing is done with the orders once they are checked to see if they are qualified or not

(e.g., not putting out an order).” Applicant has amended the claims to clarify this. “Orders that are not qualified have not been addressed at all.” Applicant refers the examiner to the answer above, e.g., that the action of qualification provides antecedent basis and thus addresses: “Orders that are not qualified.”

#### Obviousness-Type Double Patenting

The examiner rejected claims 1-14 are provisionally rejected on the ground of non statutory obviousness-type double patenting as being unpatentable over claims 1, 3-14 and 16-20 of co-pending Application No. 09/404,518.

Although the conflicting claims are not identical, they are not patentably distinct from each other because both applications are drawn to:

Executing an order in a market system comprising:  
receiving an order from a market participant; and  
matching-off off the order against the best bid or best offer that is at the opposite side of the market.

This is a provisional obviousness-type double patenting rejection because the conflicting claims have not in fact been patented.

Applicant contends that this rejection is improper since nothing in either the claims or specification of co-pending Application No. 09/404,518, describes or suggests for example the feature of “checking ... if a market participant has qualified the order for avoidance of an internalization execution ... .” Accordingly this rejection is improper and should be removed.

#### 35 U.S.C. 102(b)

The examiner rejected Claims 1-14 under 35 U.S.C. 102(b) as being anticipated by Silverman, US Pat. No. 5,136,501,

The examiner stated:

Claims 1-6: Silverman discloses a method of processing an order in a market system comprising: receiving an order from a market participant; and for the order (Silverman, Figs. 1-20; abstract, col. 1, line 1+ -col. 2, line 63; col. 3, line 18+ -col. 5, line 35; col. 6, line 20+ - col. 12, line 7; col. 12, line 33+ - col. 12, line 33 - col. 17, line 58; col. 18, line 10+ - col. Col. 20, line 43; col. 20, line 58+ - col. 21, line 29; col. 22, lines 23-40); and

for the order, checking if a market participant has qualified the order for avoidance of an internalization execution process for the order in the market system (Silverman, Figs. 1- 20; abstract, col. 1, line 1+ - col. 2, line 63; col. 3, line 18+ - col.

5, line 35; col. 6, line 20+ - col. 12, line 7; col. 12, line 33+ - col. 12, line 33 - col. 17, line 58; col. 18, line 10 + - col. Col. 20, line 43; col. 20, line 58 + - col. 21, line 29; col. 22, lines 23-40).

Claim 1, as amended, is neither described nor suggested by Silverman. Claim 1 includes the feature of ... checking ... if a market participant has qualified the order for avoidance of an internalization execution ... . This feature is neither described nor suggested by any of the passages cited by the examiner or indeed anywhere in Silverman.

The examiner's reliance on: "Silverman, Figs. 1- 20; abstract, col. 1, line 1 + - col. 2, line 63; col. 3, line 18+ - col. 5, line 35; col. 6, line 20+ - col. 12, line 7; col. 12, line 33+ - col. 12, line 33 - col. 17, line 58; col. 18, line 10 + - col. Col. 20, line 43; col. 20, line 58 + - col. 21, line 29; col. 22, lines 23-40).", does not address the feature and does not advance prosecution. Since either the examiner has obfuscated the teachings that are relied on to Applicant's detriment or seeks to avoid giving patentable weight to the limitation since she is unable to find the limitation in the cited reference.<sup>3</sup>

(Silverman, Figs. 1- 20; Does not suggest "checking ... if a market participant has qualified the order for avoidance of an internalization execution." Rather, those figures show a system, models of an order book and message structures. However, the figures pertaining to the order book can be instructive to the examiner to help her understand what the art means by best bid and best offer, prices, time, size, and so forth.

The abstract, col. 1, line 1 + - col. 2, line 63; do not suggest "checking ... if a market participant has qualified the order for avoidance of an internalization execution." The "abstract" deals with credit limits within the context of Silverman's disclosed system, whereas "col. 1, line 1 + - col. 2, line 63" deal with a generalized discussion of the prior art but do not mention the claimed feature.

Silverman col. 3, line 18+ - col. 5, line 35; col. 6, line 20+ - col. 12, line 7; col. 12, line 33+ - col. 12, line 33 - col. 17, line 58; col. 18, line 10 + - col. Col. 20, line 43; col. 20, line 58 + - col. 21, line 29; col. 22, lines 23-40), also do not suggest "checking ... if a market participant has qualified the order for avoidance of an

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<sup>3</sup> Indeed the examiner admits that she does not give patentable weight to the novel feature.

Examiner Note: "qualified the order for avoidance of an internalization execution process for the order in the market system." The highlighted phrase is interpreted as a intended use statement that has not been given patentable weight.

internalization execution.” The cited passages deal with a discussion of Silverman’s system but do not mention the claimed feature.

The claimed feature is not an intended use limitation, but rather structural and functional limitations on the claimed subject matter. If the examiner persists in maintaining this line of reasoning Applicant requests that the examiner furnish logical and explicit reasons based on the claimed subject matter why such features are statements of intended use.

Accordingly, claims 1-14 and claims 17-19 are allowable over Silverman.

The examiner rejected claims 1-14 under 35 U.S.C. 102(e) as being anticipated by Serkin, US Pub. No. 2002/0161687.

The examiner stated:

**Re Claims 1-6: Serkin discloses a method of processing an order in a market system comprising:  
receiving an order from a market participant; and for the order (Serkin, Figs, 1-9; abstract; [0001] - [0090]); and  
for the order, checking if a market participant has qualified the order for avoidance of an internalization execution process for the order in the market system (Serkin, Figs, 1-9; abstract; [0001]-[0090]).**

Applicant contends that while Serkin discloses internalization, Serkin neither describes nor suggests the feature of “checking ... if a market participant has qualified the order for avoidance of an internalization execution ... .”

Again, the feature of “qualified the order for avoidance of an internalization execution process for the order in the market system” is not an intended use statement that therefore must be given patentable weight.

Claims 7 and 12 are allowable for analogous reasons as those given for claim 1.

Applicant has added new claims 17-19, which are directed to the feature that the order selects how it chooses to interact in with other orders. Support for this limitation is found on, e.g., page 5, line 23 et seq.

It is believed that all the rejections and/or objections raised by the examiner have been addressed.

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Serial No. : 10/040,912  
Filed : January 7, 2002  
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Attorney's Docket No.: 09857-086001

In view of the foregoing remarks, applicant respectfully submits that the application is in condition for allowance and such action is respectfully requested at the examiner's earliest convenience.

All of the dependent claims are patentable for at least the reasons for which the claims on which they depend are patentable.

Canceled claims, if any, have been canceled without prejudice or disclaimer.

Any circumstance in which the applicant has (a) addressed certain comments of the examiner does not mean that the applicant concedes other comments of the examiner, (b) made arguments for the patentability of some claims does not mean that there are not other good reasons for patentability of those claims and other claims, or (c) amended or canceled a claim does not mean that the applicant concedes any of the examiner's positions with respect to that claim or other claims.

Please charge the Petition for Extension of Time fee and apply any other charges or credits to deposit account 06-1050.

Respectfully submitted,

Date: \_\_\_\_\_

9/6/07

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